

ACCOUNTING PROCEDURE

TOPIC: Section 6--Purchasing 2.0	EFFECTIVE DATE: 1/1/97
TITLE: Vendor Procedure	REVISION DATE: 3/7/02
AUTHORIZED BY: Cheryl Thompson, Deputy Director	PAGE 1 OF 9

BACKGROUND

Vendors must be set up on both the FMS Vendor File and the WiSMART Vendor Table before a purchase is made and payment generated. The Internal Revenue Service (IRS) requires organizations to have a W-9 Form or acceptable substitute on file, for all vendors. The IRS may assess a \$50 fine for each form that is not on file as required. To comply with the IRS requirement, the Department of Administration (DOA) requires that a New Vendor complete a **Substitute W-9 Form (DOA-6448)--"Taxpayer Identification Number (TIN) Verification,"** before they can be set up with a Vendor Number.

POLICY

Department of Health and Family Services (DHFS) personnel will request and receive from prospective New Vendors a properly completed Substitute W-9 Form--"Taxpayer Identification Number (TIN) Verification." This form shall be received by mail or by fax **before** a purchase is initiated from a New Vendor. Payment for goods or services will not be made to New Vendors until a properly completed Substitute W-9 is received.

PROCEDURES

Personnel initiating purchasing transactions, via either purchase requisitions or direct payments, on behalf of the DHFS, may not purchase goods or services from a New Vendor until the vendor has been set up with a Vendor Number. Personnel initiating purchasing transactions can determine whether a vendor has been set up by:

- A. Checking the FMS Vendor file; or
- B. Submitting the vendor name and phone number to the BFS Vendor Validation Coordinator (VVC); or
- C. Dealing with vendors they know are already set up on the FMS and WiSMART systems.

(Persons needing the ability to check the FMS Vendor File should submit a request to their division's security officer.)

Once it has been determined that a prospective New Vendor is not set up in WiSMART, action must be taken to obtain a Substitute W-9 Form. Timely submission of the completed form is important because purchases cannot be made until the completed Substitute W-9 Form is received and entered into the system.

1. If the Purchase Requester, by checking the FMS Vendor File (option A above), has determined that the vendor is "new", the requester shall forward the vendor name, phone number, and other vendor specific information (Address, Tax Identification Number, etc.) to the Vendor Validation Coordinator. If the vendor's name and phone number were forwarded to the Vendor Validation Coordinator (option B above), no additional information may be needed from the Purchase Requester.
2. The Vendor Validation Coordinator will, whenever possible, request a Substitute W-9 Form from the prospective vendor by phone and fax.
3. The blank W-9 Form and request letter will be faxed to the vendor, whenever possible (see Attachments 1 and 2). They will be mailed out to the prospective vendor when it is not possible to fax them. Return of the completed W-9 Form by fax will be encouraged.
4. Upon receipt of the properly completed Substitute W-9, the Vendor Validation Coordinator will notify the Purchase Requester that they may proceed with the purchase by providing the requester with the vendor number.
5. The Vendor Validation Coordinator will set up the vendor on the FMS Vendor File and WiSMART Vendor Table, using the information received from the vendor to establish vendor specific information, including: vendor name; vendor order address; vendor remit to address; and vendor TIN.

Organizations should plan 3-5 working days from step 1 to step 5, when the vendors cooperate and provide the completed form. Some vendors have resisted submitting the Substitute W-9. **Therefore, organizations should not expect that all requested vendors would be set up within 5 working days.** If a vendor refuses to provide the completed Substitute W-9, the Vendor Validation Coordinator will notify the Purchase Requester. The Purchase Requester may need to select an alternate vendor, when their "first choice" vendor refuses to provide a properly completed Substitute W-9. Neither DHFS nor DOA staff can waive this requirement. Consult with Procurement Staff for applicable requirements for selecting vendors.

Organizations wishing to have more control over getting the Substitute W-9's from vendors or to shorten the time between deciding on a vendor and getting the vendor number, may request the Substitute W-9 from vendors themselves (see Attachments 3 and 4). To receive W-9's directly organizations shall:

- A. Submit to the Vendor Validation Coordinator the names and Logon ID's of staff who will be looking up vendors.
- B. Have authorized staff trained by the Vendor Validation Coordinator on how to use online inquiry systems to determine whether a vendor has been set up.
- C. Agree that no commitments to purchase will be made until a properly completed Substitute W-9 is received from the vendor.

ATTACHMENTS

1. Vendor Letter (Sample)
2. Substitute W-9 Form (DOA-6448)
3. Flowchart
4. Vendor Validation Form (DMT-112)
5. Substitute W-8, Certificate of Foreign Status (DOA-6452)

REFERENCES

Section 13--TAX 4.0 (IRS 1099 Reporting)

CONTACT PERSONS

Linda Gallagher
Vendor Validation Coordinator
(608) 266-1958

Linda Meinholz
Vendor Validation Coordinator Backup
(608) 267-3631

ATTACHMENT 1

Dear Vendor or Individual:

The Department of Health and Family Services would like to purchase goods or services from you (business vendors) or is making a reimbursement payment to you (individuals) for some reason; such as travel expenses, insurance claims, grants, overpayment refunds, etc. In order to process our **order to you**, in accordance with **Federal** Internal Revenue Service regulations, this letter is to request that you complete the enclosed Substitute W-9 TIN Verification Form. Failure to provide your Social Security Number or FEIN may result in delayed payments or backup withholding.

Please return the Substitute W-9 Form even if you are exempt from backup withholding within (10) days of receipt. Please make sure that the form is complete, legible, and correct. **Failure to respond in a timely manner may subject you to a 31% withholding on each payment or require the State to withhold payment of outstanding invoices until this information is received.**

We are required to inform you that failure to provide the **correct Federal** Taxpayer Identification Number (TIN) and Name combination may subject you to a \$50 penalty assessed by the Internal Revenue Service under section 6723 of the Internal Revenue Code:

- INDIVIDUAL "TIN": Only the **individual's** name to which the **Social Security Number (SSN)** was assigned should be entered on the first line (last name, first name & middle initial).
- BUSINESS VENDOR "TIN": The name of a partnership, corporation, sole proprietorship, club, or other entity, must be entered on the first line exactly as it was registered with the IRS when the **Federal** Employer Identification Number (FEIN) was assigned.

DO NOT submit your name with a Tax Identification Number that was not assigned to your name. For example, a doctor who submits his or her name must use their own Social Security Number. If a doctor uses the clinic name, then the form must contain the Tax ID number of the clinic.

Thank you for your cooperation in providing us with this information. If you have any questions, call me at _____. Return the completed form to **either** the address **or** the FAX number below (please, one or the other, not both):

State of Wisconsin
Department of Health and Family Services
Attn: _____

(OR FAX _____)

Sincerely,

PURCHASE REQUESTER

Enclosure (Substitute W-9 Form)

State of Wisconsin
Department of Administration
DOA-6448 (R08/2001)

ATTACHMENT 2 (Page 1 of 2)



Division of Executive Budget and Finance
State Controller's Office

Substitute **W-9**

DO NOT send to IRS

Taxpayer Identification Number (TIN) Verification

Print or Type

Please see attachment or reverse for complete instructions.

This form can be made available in alternative formats to qualified individuals upon request.

<p>➤ Legal Name (as entered with IRS) If Sole Proprietorship enter your Last, First, MI</p>	<p>➤ Entity Designation (check only one) <u>Required</u></p> <p><input type="checkbox"/> Individual / Sole Proprietor <input type="checkbox"/> Corporation (includes service corporations) <input type="checkbox"/> Limited Liability Company - Partnership <input type="checkbox"/> Limited Liability Company - Corporation <input type="checkbox"/> Government Entity <input type="checkbox"/> Hospital Exempt from Tax or Government Owned <input type="checkbox"/> Long Term Care Facility Exempt from Tax or Government Owned <input type="checkbox"/> All Other Entities</p> <p>➤ Taxpayer Identification Number (TIN) If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, using your EIN may result in unnecessary notices to the requester.</p> <p>Check Only One <u>Required</u></p> <p><input type="checkbox"/> Social Security Number (SSN) <input type="checkbox"/> Employer Identification Number (EIN) <input type="checkbox"/> Individual Taxpayer Identification Number for U.S. Resident Aliens (ITIN)</p>
<p>➤ Trade Name If doing business as (D/B/A) or enter business name of Sole Proprietorship</p>	
<p>➤ Remit Address (where check should be mailed) PO Box or Number and Street, City, State, ZIP + 4</p>	
<p>➤ Order Address (where order should be mailed) PO Box or number and street, City, State, ZIP + 4</p>	
<p>➤ Primary Address (for return of 1099 form if different from remit address) PO Box or number and street, City, State, ZIP + 4</p>	

➤ **Certification**
Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number, AND
2. I am not subject to back up withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to back up withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.
3. I am a U.S. person (including a US resident alien).

Printed Name	Printed Title	Telephone Number ()
Signature		Date (mm/dd/ccyy)

For Agency Use Only

Agency Number	Contact	Phone Number
Change <input type="checkbox"/> Name <input type="checkbox"/> Address <input type="checkbox"/> Other (explain)		

Return this form to the address listed below. For your convenience this form has been designed for return in a standard Window envelope.

Forms may be returned by use
of FAX Number: ()

Instructions for Completing Taxpayer Identification Number Verification (Substitute W-9)

Legal Name As entered with IRS

Individuals: Enter Last Name, First Name, MI
Sole Proprietorships: Enter Last Name, First Name, MI
All Others: Enter Legal Name of Business

Trade Name

Individuals: Leave Blank
Sole Proprietorships: Enter Business Name
All Others: Complete only if doing business as a D/B/A

Remit Address

Address where payment should be sent if different from primary address

Order Address

Address where order should be sent if different from primary address

Primary Address

Address where 1099 should be sent if different from remit address

Entity Designation

Check **ONE** box which describes the type of business entity.

Taxpayer Identification Number

LIST ONLY ONE: Social Security Number OR Employer Identification Number OR Individual Taxpayer Identification Number.

If you do not have a TIN, apply for one immediately. Individuals use federal form SS-05 which can be obtained from the Social Security Administration. Businesses and all other entities use federal form SS-04 which can be obtained from the Internal Revenue Service.

Certification

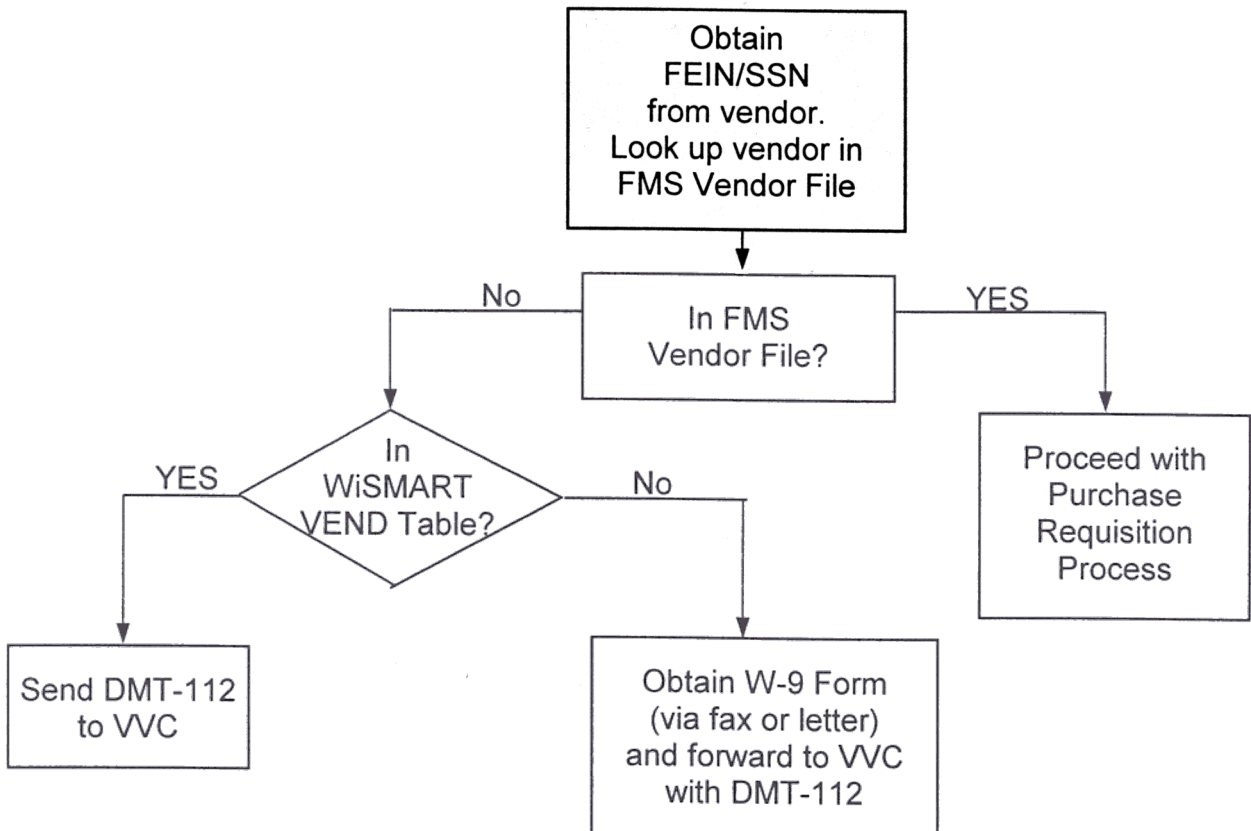
You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN.

Privacy Act Notice

Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

ATTACHMENT 3

DHFS VENDOR VALIDATION PROCEDURE



VENDOR VALIDATION

Instructions:

- 1) Shaded areas must be completed.
- 2) For original input: Leave Vendor Number blank for business vendors. If vendor is an individual, fill in social security number (Fields 3 and 19).
- 2) For changes or deletions: Enter the code "R" on each line to be changed and enter the social security number / Federal TIN in appropriate box.
- 3) SUBMIT TO: DMT / Bureau of Fiscal Services, Vendor Validation Coordinator.

2	3	4	32 - To be completed by requester		
Corr Type	Vendor Number	Vendor Trade Name (Max 30 Characters)	Vendor:	Yes	No
			In WisMart	<input type="checkbox"/>	<input type="checkbox"/> (W-9 Attached)
			State Employee	<input type="checkbox"/>	<input type="checkbox"/> (W-9 Attached)
			CARS Vendor	<input type="checkbox"/>	(W-9 Attached)
			Prepared By (Print Name)		Date Prepared
			Organization	Room No.	Telephone No.
			BFS Authorization – Signature Telephone No.		

6	8	9		10
Corr Type	Street Address or Vendor Legal Name (Max 30 Characters)	City (Max 18 Characters)	State	Zip Code

12	14	15	16	17	18	19	20
Corr Type	Category 1 (Optional)	Category 2 (Optional)	Category 3 (Org ID)	Vendor Status	Tax ID	Social Security No. or Federal TIN	WisMart Suffix

21	23	24	25	26	To be completed by CARS staff						
Corr Type	1 Chk. / Inv.	Vendor Short Name	Vendor Permanent Factor	Opt. Add.	33	34	35	36	37	38	39
					Alternate CARS Agency Number	Agency Type	Agency Type	Agency Type	Agency Type	Region Code	Municipal Code

28	30	31
Corr Type	Optional Address (See Field 26 Instructions) (Max 30 Characters)	Optional Address - City State Zip Code

CODES:

Corr Type (2, 6, 12, 21 & 28)

Blank = Original Input
R = Change or Delete
(If change documentation is available, submit with this form.)

Vendor Status (17)

Blank = Original Input or change
01 = Permanent Vendor (no purge)
03 = Delete vendor from file
04 = Vendor with permanent factor

Tax ID (18)

Blank = Social Security #
1 = Federal Tax ID #

Opt. Add. (26)

Blank = Optional Address Field not used
1 = Optional Address is remit to address (Fill in Fields 30 and 31)
2 = Optional Address is extended address (Fill in Field 30 only)

To be Completed by Requester (32)

If CARES Vendor, Fill in the Following Fields. (33, 34, 38, 39)

Optional CARS Vendor Type Fields (35, 36, 37)

Category 3 (16)

Requester Org ID

Vendor Short Name (24)

Mandatory Field - Fill in with Abbreviated Vendor Name

1 Chk./Inv. (23)

Blank = Multiple invoice/check
1 = One invoice/check

Substitute **W-8**
DOA - 6452 (C06/94)

CERTIFICATE OF FOREIGN STATUS

Wisconsin Dept. of
Administration
Do NOT send to IRS**PRINT OR TYPE** This form can be made available in alternative formats upon request**RETURN TO ADDRESS BELOW****Name of Owner**

If you are filing this form for a portfolio interest, enter the name of the beneficial owner.

U.S. Taxpayer Identification Number (if any)**Trade Name**

COMPLETE ONLY IF DOING BUSINESS AS (D/B/A) or BUSINESS NAME OF SOLE PROPRIETORSHIP

PERMANANET ADDRESS

PO or number and street

City, State, Zip + 4 (or Postal Code and Country)

CURRENT MAILING ADDRESS (If Applicable)

PO or number and street

City, State, Zip +4 (or Postal Code and Country)

OTHER ADDRESS (If Applicable)

PO or number and street

City, State, Zip +4 (or Postal Code and Country)

Certification. - (Check applicable box(es). Under penalties of perjury, I certify that:

☐ For **INTEREST PAYMENTS**, I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).☐ For **DIVIDENDS**, I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).☐ For **BROKER TRANSACTIONS** or **BARTER EXCHANGES**, I am an exempt foreign person as defined in the instructions below.

NAME (Print or Type) _____ TITLE (Print or Type) _____

AUTHORIZED SIGNATURE _____ DATE _____ PHONE _____

DO NOT WRITE BELOW THIS LINE

AGENCY USE ONLY

Agency _____

Contact _____

Phone _____

1099 Yes ☐ NoVEND Addition ☐ Change